



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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For Immediate Release

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Baucus Pushes for Quick Movement on Manufacture Tax Relief Bill
Open Members Meeting to Be Held Thursday, September 25

(WASHINGTON, D.C.) U.S. Senator Max Baucus today stated that the U.S. Senate Finance Committee will hold a Member's Meeting on Thursday, September 25, 2003, to discuss steps for quickly moving forward with legislation that will provide tax relief to domestic manufacturers to help protect and create American jobs. The meeting is open to the press.

Last week, Baucus joined Sen. Chuck Grassley (R-Iowa), Chairman of the Senate Finance Committee, in introducing the Jumpstart Our Business Strength (JOBS) Act, which will both cut taxes for domestic manufacturers and simplify taxes for U.S. companies operating overseas.

"There are about 400,000 manufacturing plants in the U.S. and they have been hard hit by the sluggish economy. It's time to take action and provide relief to this important American industry," Baucus said. "I'm pleased with the proactive legislation Chairman Grassley and I have introduced, which will help prevent additional layoffs and ideally, create even more manufacturing related jobs. We're committed to moving this bill forward as fast as possible. Tomorrow's meeting with all members of the Finance Committee will get the ball rolling."

Baucus stressed that it is necessary to move the JOBS bill through Congress quickly in order to avoid potential European Union (EU) sanctions that could result in manufacturing job losses. The Grassley-Baucus manufacturing legislation would replace the Foreign Sales Corporation/ Extraterritorial Income (FSC/ETI) tax regime, which has been ruled as an impermissible export subsidy by the World Trade Organization. FSC/ETI was implemented in order to help U.S. manufacturers compete with European manufactures that do not pay EU value-added taxes on their exports.

"As we work to comply with the WTO ruling, it's vital that we have tax relief in place to protect American jobs and ensure that our workers and our country can remain competitive," Baucus said. "Our bill will create a permanent solution that is in compliance with WTO regulations."

Manufacturing makes up 25% of Montana's economic base. Manufacturing incentives would help create jobs and be a strong boost to our economy.

Members' Meeting

September 24, 2003

The Chairman wishes to inform Members that the Finance Committee will hold a Members' Meeting on Thursday, September 25, 2003, at 11:30 a.m., in SD-215, to discuss the JOBS Act, which will repeal the Foreign Sales Corporation and Extraterritorial Income provisions, reduce taxes on U.S. manufacturing, and reform and simplify international tax provisions.

All Members are urged to attend.

For Immediate Release
Thursday, Sept. 18, 2003

Grassley, Baucus Introduce Tax Relief for Domestic Manufacturers, International Tax Reforms

WASHINGTON - Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today introduced the Jumpstart Our Business Strength (JOBS) Act, legislation to cut taxes for domestic manufacturers and reform and simplify taxes for U.S. companies operating overseas. The legislation is meant to head off trade sanctions from Europe that likely would force U.S. manufacturers and agricultural producers to slice jobs.

"A hurricane is hitting the East Coast today," Grassley said. "U.S. manufacturers and ag producers will face their own hurricane if we don't act. Inaction probably would cost a lot of American workers their jobs. Obviously we can't let that happen. This bill is a good solution that not only prevents Europe's sanctions, but also gives a real shot in the arm to U.S. manufacturers and ag producers, at home and abroad.

Baucus said, "We must stop the job losses in America's manufacturing sector. Reducing taxes on these businesses is a critical first step to ensure our businesses compete in an increasingly global marketplace. Even in our selection of international tax reforms, we have focused on those reforms that enhance the U.S. companies' ability to manufacture here at home."

Grassley said, "I agree we've lost too many manufacturing jobs. Now isn't the time to increase taxes on the U.S. manufacturing base. This is why every dime from FSC-ETI repeal is reinvested in tax relief for manufacturing. As a witness before the House Small Business Committee said last week, our national policy should be to export products, not jobs. That witness was from Illinois, which just shows he's got a lot of Midwestern common sense."

The Grassley-Baucus JOBS Act, S. 1637, replaces a tax regime that is very important to U.S. exporters.

Grassley said the Foreign Sales Corporation/Extraterritorial Income Tax regime, in effect, lowers the rate of income tax imposed on goods that are manufactured in the United States and exported for sale in foreign markets. The purpose of FSC-ETI is to allow U.S. manufacturers to compete with European manufacturers who do not pay European Union value-added taxes (VAT) on their exports. The World Trade Organization has ruled that FSC-ETI is an impermissible export

subsidy, and has authorized the EU to impose up to \$4 billion a year in sanctions on U.S. exports.

Grassley said absorbing the sanctions could have a devastating effect on the U.S. economy, especially agriculture. Some U.S. exporters would suffer greatly if \$4 billion in sanctions were imposed on their products. Many likely would not survive and would cut a significant number of jobs, Grassley said. The Bush administration and congressional leadership agree the United States should repeal the FSC-ETI regime and replace it with new measures that are consistent with international trade rules under the WTO.

Grassley said the JOBS Act offers a permanent solution to the FSC/ETI problem and reliable, sustained tax relief for domestic manufacturers. A detailed bill summary follows. Grassley said he hopes the legislation will draw significant bipartisan support in the Finance Committee and plans to schedule committee consideration of the bill as soon as possible.

"U.S. businesses are under more pressure than ever in an era of expanding global markets," Grassley said. "This bill will increase the ability of U.S.-based operations to compete with foreign competition abroad and on U.S. soil. And it'll increase the competitiveness of U.S. operations located outside the United States. All of that means more job opportunities for American workers."